

PRECIA S.A.



## MESSAGE FROM THE CHAIRMAN OF THE SUPERVISORY BOARD

2012 was a year of major investments for our Company.

In December, the old powder paint line installed in our Privas factory was replaced by a brand new one.

The purpose of this investment was multiple: Improve the operatives' working conditions, optimize production flow, improve the final quality of our products and also reduce the environmental impact by reducing solvent usage.

Another project was the renovation of the 1951 workshop. This is the historical place where Precia started its activities back in the fifties.

This building represents the symbol of our history that forged our values which are still shared today by Precia men and women: sustainability, humility, seriousness and quality.

It is good to remember where we come from and that Precia was a small craft workshop before it became the international Company that it is today.

The 1951 workshop will be used as a show room and a multifunctional tool to organize meetings and trainings for our customers.

The Unity project was pursued throughout the period with the progressive roll out of SAP. This new ERP will be implemented in every Group entities. With a single database and common processes, SAP will be a powerful communication and integration tool.

2012 was dedicated to further identification of the needs, study of flows and training of 400 users based in France.

Even if adjustments are still needed, the migration from Movex to SAP that took place in early 2013 in France has been well managed. I would like to particularly thank the migration project managers, the IT team and all those who worked hard in order to complete this task successfully.

Technical and operating difficulties faced by our Dutch subsidiary PRECIA WPL which specializes in manufacturing checkweighers led us to stop the business.

As we believe in the potential of this market, we will launch in the next few months a completely new range of checkweighers, designed and made in France, in our Privas factory.

Even if the Group net income has decreased as compared to last year, and despite a declining weighing market and a context of economic slowdown, our turnover went up in 2012.

My thanks go to all Group employees who still have full confidence and spare no efforts to serve the company.

Anne-Marie PERIN ESCHARAVIL  
Chairman of the Supervisory Board



## **SUMMARY ANNUAL REPORT**

- 4 Management Board Report for the financial year ended December 31, 2012
- 9 Report of the supervisory board at the General Meeting

### **GROUPE PRECIA MOLEN CONSOLIDATED FINANCIAL STATEMENTS**

- 12 Statutory auditors' report on the consolidated financial statements
- 13 Consolidated income statement 2012
- 13 Net income and gains and losses recognized in equity
- 14 Consolidated balance sheet at December 31 2012
- 15 Consolidated statement of shareholder's equity
- 15 Consolidated statement of cash flows
- 16 Notes to the consolidated financial statements December 31 2012

### **OTHER INFORMATION**

- 28 Submitted resolutions Ordinary General Meeting
- 30 Functional organization chart of the PRECIA MOLEN Group
- 31 Trend of share price

## MANAGEMENT BOARD REPORT FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2012

Ladies and gentlemen, dear shareholders,

We are gathered today for our Annual General Meeting, in accordance with legal and statutory requirements, in order to submit for your approval the statutory and Group consolidated financial statements for the year ended 31 December 2012.

### 1 ECONOMIC SITUATION

In 2012, the pace of the European economic growth declined further down; tensions on sovereign debts, worries of industrial and commercial players and a significant decrease in the industrial investments negatively impacted industrial groups such as PRECIA MOLEN. Countries such as India or Brazil experienced also a slowdown in growth, although they did not face recession or a drastic fall of investments. Morocco growth is not exponential but remains an asset for this country. In this context, the international weighing instruments market slightly stagnated in 2012, especially in Europe. Despite this, the PRECIA MOLEN Group benefited from a steady growth in 2012, both in service and sales of equipment/solution and continues to gain market shares.

### 2 MAJOR DEVELOPMENTS OF THE COMPANY IN 2012

#### 2.1 PRECIA MOLEN GROUP

Consolidated sales of the PRECIA MOLEN Group represented 92.5 M€ in 2012, compared to 89.0 M€ in 2011, increasing by 3.9% (15% over two years). On a like-for-like basis, the increase also represented 3.9%.

The Group generates 71% of its revenues in France, 21 % in the European Union and 8% in the rest of the world area.

#### 2.2. PRECIA SA, Parent Company

PRECIA SA annual turnover was 42.0 M€ as compared to 40.3 M€ in 2011 increasing as such by 4.1%.

### 3 RESULTS

#### 3.1 PRECIA MOLEN Group

PRECIA MOLEN net consolidated profit represented 4,338 K€ as compared to 4,897 K€ in 2011.

This profit can be detailed as follows:

<i>In € thousand</i>	2012	2011
<b>Current Operating profit</b> .....	<b>7,398</b>	<b>8,424</b>
Restructuring costs .....	(809)	-
Overall operating profit .....	6,589	8,424
Cost of net financial debt .....	173	(31)
Other financial expenses .....	-	(100)
Income from equity affiliates .....	32	7
Income tax .....	(2,198)	(3,084)
Minority interests .....	(258)	(320)
<b>Net Group consolidated profit</b> .....	<b>4,338</b>	<b>4,897</b>
<b>EARNINGS PER SHARE (in euro)</b> .....	<b>7.80</b>	<b>8.80</b>

Operating profit was 7,398 K€ as compared to 8,424 K€ in 2011. It decreased by 12.2 % compared to last year and represented 8% of net sales as compared to 9.5% in 2011.

The technical and operating difficulties faced by PRECIA-WPL BV, with no prospect of improvement led to significant restructuring measures. This generated a 1,343 K€ non-recurring expense including 809 K€ restructuring costs (depreciation of assets). Since then, this source of losses has been neutralized.

After taking into account PRECIA-WPL restructuring costs, overall operating profit amounted to 6,589 K€.

Net Group consolidated profit was 4,338 K€ as compared to 4,897 K€ in 2011. It decreased by 11.4% as compared to last year and represented 4.7% of net sales, compared to 5.5% in 2011.

Earnings per share represented € 7.80, compared to € 8.80 in 2011.

Long term debt was 4.8 M€, as compared to 5.2 M€ at December 31, 2011. Restatement of financial lease obligations represented 1.2 M€.

Short term cash represented 15.6 M€ as at December 31, 2012 as compared to 14.1 M€ last year.

The net cash position was 10.8 M€ and increased by 1.9 M€ after taking into account a 1.1 M€ dividend payment and 3.7 M€ Capital expenditure.

#### 3.2 PRECIA S.A.

2012 PRECIA SA results were as follows:

<i>€ Thousand</i>	2012	2011
<b>Operating profit</b> .....	<b>1,221</b>	<b>1,719</b>
Financial profit .....	827	1 441
Exceptional income/loss .....	(43)	(65)
Employee Profit sharing .....	-	(17)
Income taxes .....	(241)	(176)
<b>NET RESULT</b> .....	<b>2,246</b>	<b>2,901</b>

PRECIA SA operating profit decreased by 29.0 % as compared to 2011 and represents 2.9% of net sales as compared to 4.3% in 2011.

Net result was 2,246 K€ in 2012 as compared to 2,901 K€ in 2011, a decrease of 22.6%. It represented 5.4% of net sales compared to 7.2% last year. Financial profit is affected by the provision for loss on the investment in PRECIA-WPL subsidiary which is facing difficulties and the partial reversal of the provision on the investment in MOLEN NL which recovered in 2012.

Medium term debt was 4.0 M€, as compared to 2.9 M€ at December, 31 2011. The debt to equity ratio reached 14.8% at the end of 2012 compared to 11.4% at the end of 2011.

#### 3.3. Appropriation of the result

We suggest to allocate the net income by paying a €1.60 dividend per share and the balance to free reserves.

According to the law, we remind you that dividends paid over the last three years and related tax exemption were as follows:

<b>TOTAL</b>		
In year 2011: .....	€1.90 per share	1,059 K€
In year 2010: .....	€1.40 per share	781 K€
In year 2009: .....	€0.90 per share	503 K€

#### 4 ACCOUNTING PRINCIPLES

The consolidated financial statements have been prepared in accordance with the International Accounting Standards (IFRS) as adopted by the European Union.

In strict application of IAS 12, all taxes based on results and added value have been considered as income taxes. This had no impact on the net result. However, the positive impact on the operating profit was 642 K€.

Other accounting principles remained unchanged.

#### 5 SUBSIDIARIES

##### 5.1 Change in the scope of consolidation

In 2012, there were no changes of the scope of consolidation, except for the opening of a new commercial subsidiary in March 2012 in Bucharest, Romania.

In 2011, changes in the scope of consolidation corresponded to the opening of PRECIA-WPL.

The Company, also bought Precia Molen India Ltd shares.

##### 5.2 PRECIA WPL

Following its creation, PRECIA-WPL BV took over a check weigher goodwill in 2011. Since then, the Company has faced many operating and technical difficulties and the Group, observing that the subsidiary was not profitable and had no prospect of improvement with the existing structure decided to proceed with restructuring. 2012 PRECIA-WPL loss amounted to 1.3 M€, including 0.8 M€ of restructuring expenses (depreciation of current and noncurrent assets).

##### 5.3 Investments and subsidiaries as at December 31 2012

As at December 31, 2012 PRECIA SA directly held shares in the following companies:

###### 5.3.1 Subsidiaries:

###### France :

PRECIA MOLEN Service ..... 99.99 %

###### International :

MOLEN NL ..... 100 %

PRECIA MOLEN UK ..... 100 %

MOLEN Belgium ..... 100 %

PRECIA Polska ..... 100 %

PRECIA CZ ..... 100 %

PRECIA MOLEN India ..... 75 %

PRECIA MOLEN Maroc ..... 60 %

PRECIA MOLEN Scandinavia ..... 90 %

PRECIA-WPL ..... 80 %

PRECIA MOLEN Ro ..... 100 %

PRECIA MOLEN Australia (\*) ..... 100 %

PRECIA MOLEN do Brasil (\*) ..... 100 %

\*(share capital increase and fully paid up capital in 2013)

##### 5.3.2 Investments

###### International :

PRECIA MOLEN Ireland ..... 40 %

BACSA SA ..... 19 %

PRECIA MOLEN NEDERLAND BV is 100% indirectly held through MOLEN NL BV.

The Group is organised as follows:

1) The PRECIA France industrial and commercial division is dedicated to design, production and sales of equipment and weighing solutions. Two factories are located in PRIVAS and VEYRAS (ARDECHE) and an IT research site is located near Metz (Moselle) in WOIPPY.

2) The PRECIA MOLEN SERVICE division is dedicated to:

- a. Installation of new equipment on behalf of PRECIA SA,
- b. Servicing, maintenance contracts and repair for all brands weighing equipment, and
- c. Mandatory periodic inspection of equipment used in retail spaces.

PRECIA MOLEN SERVICE 2012 net sales represented 37.4 M€, as compared to 35.7 M€ in 2011, an increase of 4.8%. No changes in the scope of the business occurred in 2012 and 2011. Net result was 2,340 M€ and represented 6.3% of net sales.

3) The international division consists of the Group trading establishments in the European Union (The Netherlands, Belgium, Poland, The Czech Republic and Romania) and in the rest of the world (Scandinavia, Morocco and India). 2012 cumulated sales of these entities were 29 M€, and increased by 5.5% as compared to last year. Together, these entities represent 26% of the consolidated operating profit, as compared to 31% in 2011 and 19% in 2010.

#### 6 CAPITAL EXPENDITURE AND RESEARCH & DEVELOPMENT

##### 6.1 Capital Expenditure

2012 investments of the PRECIA MOLEN Group were as follows:

INVESTMENTS	€ THOUSAND
Intangible assets .....	149
Tangible assets .....	3,040
Financial assets .....	574
<b>TOTAL</b> .....	<b>3,763</b>

Investments were mainly in France (78 % of the total).

2012 investments of PRECIA SA Group were the followings:

ACQUISITIONS	€ THOUSAND
Intangible assets .....	135
Tangible assets .....	1,132
Financial assets .....	1,003
<b>TOTAL</b> .....	<b>2,270</b>

## MANAGEMENT BOARD REPORT FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2012

### 6.2 Research and Development

Research and Development costs represent 1.35% of consolidated net sales and 2.97% of PRECIA S.A. net sales.

The main R&D programs were the following:

- development of a new range of electronic indicators,
- innovative integration of mechanical, electronic or software parts in different products,
- development and improvement of business solutions.

In 2012, no research & development expenses were capitalized.

### 7 SUBSEQUENT EVENTS

As of January 2013, we set up a new trading subsidiary in Australia.

### 8 SOCIAL IMPACT

As December 31, 2012 PRECIA SA workforce numbered 246 employees, which represents a slight decrease as compared to 2011 (247), broken down as follows:

77 executives including 4 women, 119 employees including 28 women and 50 workers including 7 women.

The Company makes restrictive application of part time work and fixed term contracts (9 part time workers and 2 fixed contracts workers).

The use of temporary agency work has decreased (19,710 hours were paid in 2012, as compared to 26,730 hours in 2011).

Employee incentives based on the Company outcomes represented 548 K€ in 2012 (2011- 615 K€). This can be explained by the payment of the profit sharing bonus (based on 2011 results), by the increase of social contributions on these payments (forfait social) and a decrease of the absenteeism rate (the employee profit sharing program enabled a better control over absenteeism). The absenteeism rate decreased and represented an average of 2.9 days per employee (as compared to 4 in 2011).

In 2012, trainings were essentially focused on the use of the new ERP.

### 9 ENVIRONMENTAL IMPACTS OF THE ACTIVITY

PRECIA SA resource consumption	2012	2011
Water (m <sup>3</sup> ).....	1 532	5 044
Electricity (Kwh).....	1,271,000	1,301,692
Industrial gases (purchased) .....	223	215
Abrasive products (kg) .....	330	360
Processing of soiled products (kg) .....	12,029	9,019
Soluble oils (kg).....	127	125
(litres).....	250	240
Fuel (purchased).....	98,571	86,345

### 10 RISK FACTORS

#### 10.1 Market risks

Our business is in a highly competitive market. The Company's position depends on factors such as capacity for innovation, ability to provide complete system solutions, quality of products, control of all the supply chain and the organization of sales and services networks.

What makes our business specific is the regulatory constraint imposed by specific regulations such as Legal Metrology or rules related to products installed in potentially explosive atmosphere (ATEX). We comply with applicable laws and regulations through our Quality System processes which are regularly audited by authorized agencies.

Given the operational importance of the IT Management of data, the Company is being extremely vigilant on its IT systems security.

#### 10.2 Financial risks

As with any trading company, the Group faces risks of non-payment by debtors; however, such risk is limited by a high quality clientele such as major companies, and also a low customer concentration.

The Group has only a limited exposure to exchange rates and interest rates risks; a policy of prudence is implemented regarding these issues.

#### 10.3 Liquidity and Treasury risks

The risk of being unable to honour its financial commitments is low; this risk is being regularly monitored by the Banque de France which assigns a risk rate of "probability of default in the next three years" of 0.6%. This rate represents 6.6% for the overall result of Industry.

#### 10.4 Insurance

The Company has taken out industrial compliant insurance programs through the assistance of a specialized broker.

### 11 MISCELLANEOUS INFORMATION

#### 11.1 Sumptuary costs

These charges represented 50 K€ in 2012.

#### 11.2 Main Shareholders

In accordance with the law, we provide information regarding our main shareholders:

	SHAREHOLDING	VOTING RIGHTS
ESCHARAVIL S.A. Group	From 33.33 to 50 %	From 50 to 66,67 %
ESCHARAVIL Family	From 10 to 15 %	From 10 to 15 %
Amiral Gestion	From 5 to 10 %	From 5 to 10 %
<b>TOTAL NUMBER OF VOTES</b>		<b>831 667</b>

Amiral Gestion announced in 2012 that its control had fallen below a threshold in term of voting rights.

#### 11.3 PRECIA SA shares held by the Company

At December 31 2012, PRECIA SA held 15,927 of its own shares, representing 2.78% of the share capital for a total acquisition cost of 365 K€; market value at year end was 1,082 K€.

Furthermore, the Company implemented a liquidity agreement with CIC bank in October 2010. In 2012, the Company terminated this contract and concluded a new one with Arkeon Finance. At year-end, the market value of the 888 securities held was 60 K€.



**11.4 Inventory of marketable securities**

At December 31 2012, PRECIA and PRECIA MOLEN SERVICES held the following investment securities:

	31/12/2012
OPCVM – Collective investments(1) . . . . .	1,904
Bank certificates (Certificats de depot) (2). . . . .	11,787
Investment securities . . . . .	13,691

(1) Money market funds

(2) Bank certificates are remunerated under market conditions with possibility to withdraw at any time.

	NUMBER OF SHARES	MARKET VALUE
SGTrésorerie. . . . .	3	624
SEQUIN SIE 3 DEC . . . . .	91	947
CA AMUNDI Trésor 6 mois. . . . .	13	333
TOTAL OPCVM. . . . .		1,904

**11.5 Supplier payment terms**

As at December 31, 2012, the maturity allocation of the PRECIA SA supplier sub ledger was (€ Thousand):

	2012	2011
Overdue . . . . .	976	884
Payment term below 30 days . . . . .	2,028	2,128
Payment term from 30 to 60 days. . . . .	1,696	1,661
Payment term above 60 days. . . . .	4	53
TOTAL. . . . .	4,703	4,726

**11.6 Employee shareholding**

At December 31, 2012 employee shareholding under a collective management agreement represented 1.58%.

**11.7 Managers mandates**

See table page 8

**12 OUTLOOK**

At the beginning of 2013, the Group’s backlog is similar to what it was in 2012. The Group benefits from a strong business foundation thanks to the service business and continues to gain market shares in Europe and in the rest of the world.

The degradation of the global economic situation compared to last year encourages the Group to be very careful in terms of potential growth, especially in Europe.

In this context, we are following our international development strategy. Our Moroccan and Indian subsidiaries should continue to grow in the future, but this growth will occur in a weakened economic environment. We continue to focus on new markets such as Brazil and the Asia & Oceania areas that represent our priorities. We have just launched industrial activities in Brazil and opened a new commercial subsidiary in Australia.

R&D programs enabled the launch of new products in 2012, in particular our new range of electronic indicators (the i range)

which allows the Group to offer performing and competitive products (produced in our Privas factory). Sales should increase in 2013. A significant number of innovations are expected in 2013.

The Group will continue to redesign its computerised management systems. After the start of the ERP in France early 2013, the implementation will be pursued in other countries.

The Group remains open to acquisition opportunities both in service activities, new products and developing new geographical areas.

With the cyclical crisis risks still present, the economic environment could be uncertain; however our Group is now stronger and has the resources to continue its development, create new jobs and generate new opportunities for its employees.

**13 ATTESTATION**

I hereby certify that to the best of my knowledge the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, the financial position and results of the Company and all the subsidiaries included in the scope of consolidation and that the management’s report included in this annual report, gives a true and fair view of the business trends, results and financial position of the company and all the subsidiaries included in the scope of consolidation, and a description of the main risks and uncertainties that they have to face.

Executed in Privas on April 12 2013

Chairman of the Management Board  
René COLOMBEL

## MANAGERS MANDATES

### 11.7.1 MANAGEMENT

#### Madame Anne-Marie PERIN-ESCHARAVIL

Chairman and  
Member of the Supervisory Board

Chairman of S.A.S. BERGEROUX and LA FINANCIERE DE BENAT  
Chairman and Managing Director of S.A.S GROUPE ESCHARAVIL  
Member of the Management Board of S.A. LUC ESCHARAVIL S.A.

#### Madame Alice ESCHARAVIL

Member of the Supervisory Board

Member of the Management Board S.A. LUC ESCHARAVIL S.A.

#### Mademoiselle Marie-Christine ESCHARAVIL

Member of the Supervisory Board

#### Monsieur Luc ESCHARAVIL

Vice Chairman and  
Member of the Supervisory Board

Member of the Manhagement Board - Chairman and Managing Director of  
S.A LUC ESCHARAVIL S.A.  
Chairman of S.A.S. RAFFIN

#### Monsieur Georges FARVACQUE

Represants FIDUCIAIRE DE CONTROLE ET DE GESTION DE PATRIMOINE  
Member of the Supervisory Board

#### Monsieur François THINARD

Member of the Supervisory Board

#### Monsieur René COLOMBEL

Chairman and  
Member of the Management Board

Chairman of S.A.S. PRECIA MOLEN SERVICE  
Member of the board of Directors of MOLEN BV, PRECIA MOLEN UK,  
PRECIA MOLEN SCANDINAVIA, PRECIA MOLEN IRELAND and  
PRECIA MOLEN INDIA  
Member of the Management Board of MOLEN BELGIUM  
Co-manager of PRECIA MOLEN MAROC

### 11.7.2 CONTROL

#### KPMG AUDIT

51 rue de Saint-Cyr – CP 409 – 69338 LYON Cedex 09  
represented by Mr Philippe MASSONNAT  
Member of the Lyon Regional Compagny of Statutory Auditors

#### CRMD

105 rue des Mourettes – 26000 VALENCE  
represented by Mr Jean-Jacques GAUDILLAT  
Member of the Grenoble Regional Comagny of Statutory Auditors

### 11.7.3 MEMBERS OF THE SUPERVISORY BOARDS MANDATES

The term of office of the company "FIDUCIAIRE DE CONSEIL ET DE GESTION DE PATRIMOINE" a member of the Supervisory Board of the company and represented by Mr Georges FARVACQUE, expires on this date, we suggest hereby to renew his terms for a six -year -period that will terminates at the end of the Annual General Meeting to be held within 2019 called to approve the financial statements for the year ending 31 December 2018.

## REPORT OF THE SUPERVISORY BOARD AT THE GENERAL MEETING OF 27 JUNE 2013

Ladies and Gentlemen,

The Management Board has invited you to this Ordinary General Meeting in compliance with the law and Articles of Association of our Company in order to:

- Present the business performance of the Company for the year ended 31 December 2012 and report on the Company and subsidiaries profits and losses. Give a perspective on the years to come and indicate other information as requested by the law ;
- Submit for your approval the financial statements for the year ended 31 December 2012 and decide about the allocation of result.

The Management Board report was read by its Chairman, Mister René COLOMBEL.

You will also be hearing the Statutory Auditors' report on their legal audit functions and report on the agreements covered by Article L.225-86 of the French Commercial Code.

Pursuant to Article L225-68 of the French Commercial Code, we inform you that we have no specific observations about the Management Board report and about the Financial Statements for the year ended 31 December 2012.

Anne-Marie PERIN ESCHARAVIL  
Chairman of the Supervisory Board



## PRECIA MOLEN GROUP CONSOLIDATED FINANCIAL STATEMENTS

- 12 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
- 13 CONSOLIDATED INCOME STATEMENT 2012
- 13 NET INCOME AND GAINS AND LOSSES RECOGNIZE IN EQUITY
- 14 CONSOLIDATED BALANCE SHEET AT DECEMBER 31 2012
- 15 CONSOLIDATED STATEMENT OF SHAREHOLDER'S EQUITY
- 15 CONSOLIDATED STATEMENT OF CASH FLOWS
- 16 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31 2012
  - 16 **Note 1** Consolidated accounting policies
  - 20 **Note 2** Explanation of the consolidated balance sheet
  - 24 **Note 3** Explanation of the items in the income statement
  - 25 **Note 4** Information on the consolidated statement of cash flows

## STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

► Year ended 31 December 2012 ◀

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended 31 December 2012, on:

- the audit of the accompanying consolidated financial statements of Precia S.A. à directoire et conseil de surveillance;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

### 1. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2012 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

### 2. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L.823-9 of the French Commercial Code ("Code de commerce") relating to the justification of our assessments, we bring to your attention the following matters:

The company performs systematically at year-end, an impairment test of goodwill, as described in the notes 1.31 and 1.4.2 to the financial statements. We examined the implementation of this test, the projected cash flows and assumptions used, and we have verified that the notes to the financial statements provide appropriate information.

The note 1.4.9 of to the financial statements describes the methods of valuation of provisions for risks and charges and the note 2.12 to the financial statements describes the detail. Our work consisted in assessing the data and assumptions that contributed to the determination of these provisions and to ensure that the notes to the financial statements provide appropriate information.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

### 3. SPECIFIC VERIFICATION

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

The statutory auditors

Lyon, 26 April 2013

KPMG AUDIT  
Département de KPMG S.A.  
French original signed by  
Philippe MASSONNAT  
Partner

Valence, 26 April 2013

C.R.M.D.  
French original signed by  
Jean-Jacques GAUDILLAT  
Partner

## CONSOLIDATED INCOME STATEMENT 2012

► In thousand euros ◄

	Notes	2012	2011
<b>SALES</b> .....	3.1	<b>92,457</b>	<b>88,971</b>
Cost of Materials .....		(23,095)	(24,474)
Employee costs .....		(38,638)	(36,140)
Other purchases .....		(19,142)	(18,222)
Operating Taxes .....		(1,489)	(1,255)
Depreciation .....		(2,179)	(2,067)
Changes in stock (WIP & Finished products) .....		(279)	1,242
Other operating income .....		586	501
Other operating expense .....		(820)	(132)
<b>CURRENT OPERATING PROFIT</b> .....		<b>7,399</b>	<b>8,424</b>
Restructuring costs .....		(809)	-
<b>OVERALL OPERATING PROFIT</b> .....		<b>6,589</b>	<b>8,424</b>
Income from cash and cash equivalents .....		494	310
Borrowing costs, gross .....		(321)	(341)
<b>BORROWINGS NET GAIN (COST)</b> .....	3.2	173	(31)
Other financial income .....		-	-
Other financial expense .....		-	(100)
Share of net income from associate .....		32	7
Income taxes .....	3.3	(2,198)	(3,084)
<b>NET PROFIT OF CONSOLIDATED COMPANIES</b> .....		<b>4,597</b>	<b>5,217</b>
Non controlling interests .....		258	320
Group share .....		4,338	4,897
<b>BASIC EARNINGS PER SHARE AND DILUTED EARNINGS (IN EURO)</b> .....	2.9	<b>7.80</b>	<b>8.80</b>

## NET INCOME AND GAINS AND LOSSES RECOGNIZED IN EQUITY

► In thousand euros ◄

	Dec 31 2012	Dec 31 2011
Net profit of consolidated companies		
Translation adjustments .....	4,597	5,217
Assets available for sale .....	(21)	(198)
Hedging derivatives .....		
Gains and losses recognized in equity, Group share, without equity accounting .....	(21)	(198)
Proportionate share of gains and losses recognized in equity without equity accounting .....		
Total gains and losses recognized in group equity .....	(21)	(198)
Total gains and losses recognized in group equity non controlling interests .....	(15)	(35)
Net income and gains and losses recognized in equity .....	(36)	(233)
<b>Total income and expense for the period</b> .....	<b>4,561</b>	<b>4,984</b>

## CONSOLIDATED BALANCE SHEET AT DECEMBER 31 2012

► In thousand euros ◀

ASSET	NOTES	Dec 31 2012	Dec 31 2011
Goodwill.....	1.3.1	7,317	7,758
Other intangible assets .....	2.3	480	554
Tangible assets.....	2.1	7,766	6,908
Financial assets and investments.....		949	396
Investments in associates .....	2.4.1	166	135
Deferred tax assets.....	2.8	1,599	1,430
<b>NON-CURRENTS ASSETS</b> .....		<b>18,276</b>	<b>17,181</b>
Inventories.....	2.5	12,278	13,357
Trade accounts receivable and other receivables.....		31,036	27,192
Current tax receivable .....		586	531
Other current receivables.....	2.6	1,950	2,657
Cash and cash equivalents.....	2.7	18,756	17,646
<b>CURRENTS ASSETS</b> .....		<b>64,606</b>	<b>61,383</b>
<b>TOTAL</b> .....		<b>82,882</b>	<b>78,564</b>
<b>LIABILITY</b>	<b>NOTES</b>	<b>Dec 31 2012</b>	<b>Dec 31 2011</b>
Share Capital.....	2.9	2,200	2,200
Share premiums, merger, contributions .....		4,487	4,487
Consolidated reserves .....		30,681	26,863
Treasury stocks.....	2.9	(365)	(397)
Total shareholder's equity – Group's interest.....		4,338	4,897
<b>SUB TOTAL GROUP EQUITY</b> .....	2.10	<b>41,340</b>	<b>38,050</b>
Minority interests in Reserves .....		558	424
Minority interests in Profit .....		259	246
<b>TOTAL EQUITY</b> .....		<b>42,157</b>	<b>38,720</b>
Long term provisions .....	2.12	2,687	1,934
Deferred tax liabilities.....	2.8	636	978
Long term financial debt.....	2.11	4,825	5,201
<b>NON-CURRENTS LIABILITIES</b> .....		<b>8,148</b>	<b>8,113</b>
Short term financial debt .....	2.11	3,158	3,522
Trade account payables and other liabilities .....		9,808	9,400
Current tax liabilities .....		-	-
Other current liabilities.....	2.13	19,611	18,809
<b>CURRENTS LIABILITIES</b> .....		<b>32,577</b>	<b>31,731</b>
<b>TOTAL</b> .....		<b>82,882</b>	<b>78,564</b>



## CONSOLIDATED STATEMENT OF SHAREHOLDER'S EQUITY

► In thousand euros ◀

	Share capital	Share premium	Own shares	Consolidated reserves	Net result	Minority interests	TOTAL
<b>SHAREHOLDERS' EQUITY 31 DEC 2010</b> .....	2,200	4,487	(256)	23,146	4,696	607	34,880
Dividends paid .....					(781)	(127)	
Profits allocation .....				3,915	(3,915)		
Treasury stocks .....			(141)				
Exchange differences .....				(198)		(35)	
Change in the scope of consolidation .....						(94)	
Profit for the period .....					4,897	320	
<b>SHAREHOLDERS' EQUITY DEC 31 2011</b> .....	2,200	4,487	(397)	26,863	4,897	670	38,720
Dividends paid .....					(1,059)	(97)	
Profits allocation .....				3,838	(3,838)		
Treasury stocks .....			32				
Exchange differences .....				(21)		(15)	
Change in the scope of consolidation .....							
Profit for the period .....					4,338	259	
<b>SHAREHOLDERS' EQUITY DEC 31 2012</b> .....	2,200	4,487	(365)	30,680	4,338	816	42,157

## CONSOLIDATED STATEMENT OF CASH FLOWS

	2012	2011
<b>Operating activities</b>		
Net result .....	6,404	7,156
Fixed assets depreciation .....	2,629	2,068
Changes in provisions for liabilities and charges .....	753	(93)
Income from the disposals of fixed assets .....	(34)	7
Hedging derivatives and other derivative incidences .....	-	-
Income tax (change of deferred tax) .....	(511)	207
Cost of net financial debt .....	220	218
Changes in working capital .....	(845)	(1,473)
Interest paid .....	(224)	(216)
Income tax paid .....	(2,121)	(3,047)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b> .....	<b>6,271</b>	<b>4,827</b>
<b>Investing activities</b>		
Purchases of intangible assets .....	(149)	(963)
Purchases of tangible assets .....	(2,975)	(2,580)
Purchases of financial assets .....	(606)	(41)
Proceeds from disposal of fixed assets .....	189	79
Proceeds from redemption of financial assets .....	21	13
Change in minority interest .....	147	157
Minority interest and subsidiary purchases, net of cash purchased .....	-	(329)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b> .....	<b>(3,373)</b>	<b>(3,664)</b>
<b>Financing activities</b>		
Subsidiary increase in share capital .....	-	-
Own shares purchases and sales .....	32	(141)
Proceeds from new loans .....	2,714	(57)
Repayments of loans .....	(3,090)	(2,757)
Dividend paid .....	(1,059)	(781)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b> .....	<b>(1,403)</b>	<b>1,056</b>
Effect of exchange rates .....	(21)	(198)
<b>INCREASE (DECREASE) OF THE CASH POSITION</b> .....	<b>1,474</b>	<b>(91)</b>
Cash and cash equivalents at the beginning of the year .....	14,124	14,215
Cash and cash equivalents at the end of the year .....	15,598	14,124
<b>INCREASE (DECREASE) OF TOTAL CASH AND CASH EQUIVALENTS</b> .....	<b>1,474</b>	<b>(91)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## DECEMBER 31 2012

► In thousands of euros ◀

The Financial statements were approved by the Management Board and submitted to the Supervisory Board on April 12 2013. These Financial Statements will become definitive only when approved by the Annual General Meeting to be held on June 27 2013.

### SIGNIFICANT EVENTS

Opening of a new trade subsidiary in March 2012 in Romania. Technical and operating difficulties faced by PRECIA-WPL, with no prospect of improvement led to significant restructuring measures.

### SUBSEQUENT EVENTS:

Opening of a new trade subsidiary in January 2013 in Australia.

### Note 1 Consolidated accounting policies

The consolidated financial statements have been prepared in accordance with the International Accounting Standards (IFRS) as adopted by the European Union.

## 1.1 SCOPE OF CONSOLIDATION

### 1.1.1 Scope of consolidation

IDENTIFICATION	SIREN	% HELD
<b>PRECIA S.A.</b> 07000 Privas	386 620 165	Parent Compagny
<b>PRECIA MOLEN SERVICE S.A.S</b> 07000 Privas	349 743 179	99.99
<b>MOLEN BV</b> - Breda	THE NETHERLANDS	100.00
<b>PRECIA MOLEN NEDERLAND BV</b> Breda (1)	THE NETHERLANDS	100.00
<b>MOLEN BELGIUM NV</b> - Puurs	BELGIUM	100.00
<b>PRECIA MOLEN UK Ltd</b> - Birmingham	THE UNITED KINGDOM	100.00
<b>PRECIA POLSKA Sp. z.o.o.</b> - Krakow	POLAND	100.00
<b>PRECIA CZ S.r.o.</b> - Brno	CZECH REPUBLIC	100.00
<b>PRECIA MOLEN MAROC SARL</b> Casablanca	MOROCCO	60.00
<b>PRECIA MOLEN SCANDINAVIA AS</b> - Asker	NORWAY	90.00
<b>PRECIA MOLEN INDIA LTD</b> - Chennai	INDIA	75.00
<b>PRECIA WPL BV</b> - Breda	THE NETHERLANDS	80.00
<b>PRECIA MOLEN Ro</b>	ROMANIA	100.00

(1) This company is indirectly held via Molen BV.

All these companies were fully consolidated and their closing date was December 31 2012.

IDENTIFICATION	SIREN	% OWNED
<b>PRECIA MOLEN IRELAND</b> - Ashbourne	IRELAND	40.00

This company, closing date was December 31 2012. It has been accounted under the equity method.

### 1.1.2. Change in the scope of consolidation

Opening of a subsidiary in April 2012 in Bucharest, Romania.

## 1.2. COMPARABILITY OF FINANCIAL STATEMENTS

In the December 31 2012 consolidated Financial Statements, accounting methods were identical to the ones applied in the 2011 consolidated financial statements, except for the following aspect:

Applying strictly IAS 12, any taxes based on results and added value have been considered as income tax. This had no impact on the net income, however, the positive impact on operating profit was 642 K€. In 2011, this also led to a 618 K€ positive impact and therefore a 8,424 K€ operating profit (published operating profit was 7,806 K€).

Standards and interpretations used as at December 31 2011 have been backed by revised standards in accordance with IFRS as adopted in the UE on December 31 2012 and whose application is mandatory as at December 31 2012:

Standards, Amendments or Interpretations	Date of mandatory first application: fiscal year beginning on
IFRS 7 Amendment . . . . .	01/01/2012
Notes Transfer of financial assetst	
IFRS 13 – Fair value measurement . . . . .	01/01/2013
IFRS 10 – Consolidated financial statements	01/01/2014
IFRS 11 – Joint arrangements. . . . .	01/01/2014
IFRS 12 – Disclosure of . . . . .	01/01/2014
interests in other entities	
Amendments following IFRS 10, 11, 12. . . . .	01/01/2014
on IAS 27 Separate financial statements and IAS 28 Investments in Associates and Joint Ventures	
Amendment IAS 1. . . . .	01/07/2012
Presentation of items of Other Comprehensive Income	
Amendment IAS 19 – Post employment . . . . .	01/01/2013
benefits	
IFRIC 20 – Stripping costs. . . . .	01/01/2013
IFRS 1 Amendment. . . . .	01/01/2013
Severe Hyperinflation and removal of fixed dates	
Amendment IAS 12 – Deferred taxes. . . . .	01/01/2013
Recovery of underlying assets	
Amendment IFRS 7 – Disclosures offsetting financial assets and financial liabilities ;	
Amendment IAS 32 – Presentation Offsetting financial assets and financial liabilities	

The application of this new legislation had no material impact on the 2012 consolidated financial statements. Standards and Interpretations issued by the IASB but not yet approved at a European level will enter into force when adopted and therefore were not applied by the Group as at December 31 2012.

## 1.3 CONSOLIDATED ACCOUNTING PRINCIPLES

### 1.3.1 Business combinations and goodwill

In compliance with IFRS 3, business combinations are recorded according to the acquisition method (business combination). The assets acquired, and the liabilities and contingent liabilities assumed, are recorded at their fair value at the date of acquisition after a 12 month evaluation period since the date of acquisition.

For business combinations achieved as from January 1 2010, revised IFRS 3 is applicable. Under this standard, goodwill is now measured as the difference between the fair value of the consideration received and total of assets, liabilities and contingent liabilities of the acquired entity, individually estimated at fair value.

All direct costs attributable to the acquisitions are recorded as expenses through the profit and loss statement. At the date of acquisition and for each business combination, the Group can opt either for partial goodwill (in limiting itself to the portion of the net assets acquired by the Group) or for a complete goodwill. In the complete goodwill method, non controlling interests are valued at fair value and a goodwill is recorded over all identifiable assets and liabilities. Business combinations prior to January 1 2010 had been treated according to the partial goodwill method, the only applicable method at that time.

As for business combinations prior to January 1 2010, goodwill represented at the date of acquisition the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. As regards business combinations achieved after January 1 2004, goodwill remains at its supposed cost represented by the amount recorded according to the previous accounting principles. The classification and accounting methods applied to business combinations which took place before January 1, 2004 have not been modified for the preparation of the IFRS Group opening balance sheet as at January 1 2004.

In each and every case, negative goodwill is recorded directly on the income statement.

From the date of acquisition, goodwill is allocated to each cash-generating unit which is likely to benefit from the business combination. Subsequently, goodwill is measured at cost less accumulated impairment losses.

Goodwill is not amortized but tested for impairment on an annual basis or more frequently when events indicate a risk of impairment. An impairment loss recorded for goodwill cannot be reversed. If impairment is identified, an impairment loss is registered in profit and loss for the financial year under the captions "other operating expenses" or "restructuring charges" if the impairment loss is the effect of a restructuring.

PRECIA-WPL goodwill was recognized as fully impaired in 2012 for 450 K€.

Goodwill accumulated impairment represented 1,054 K€ as at December 31 2012.

### 1.3.2 Translation of financial statements in foreign currency

Assets and liabilities of subsidiaries outside the euro zone are translated into euros at the closing exchange rate and income and expense items are translated using the average exchange rate for the period.

The Group's share of any translation gains or losses is included in equity under "Cumulative translation adjustments".

The resulting translation differences are recorded under a reserve account; the impact was a 21 K€ decrease of equity for the period.

### 1.3.3 Intra-Group transactions

Restatements are performed on all intra-group transactions and balances. Internal income and expenses, as well as intra-group receivables and liabilities are eliminated. Profit margin included in inventories resulting from intra-group purchases and income made on intra-group fixed assets disposals are also eliminated.

### 1.3.4 Related parties transactions

Related parties transactions are identified by direct questioning and then validated by direct confirmation. These transactions are performed using market value.

### 1.3.5 Financial lease agreements

Fixed assets held under financial lease that transfer substantially all the risks and rewards of ownership are recognized and recorded as fixed assets (lands, buildings and equipment).

At the commencement of the lease term, the leased object is capitalized and recognized at fair value, or at the present value of minimum lease payments if lower.

These fixed assets are depreciated on a straight-line basis over their useful life, using the same method as those used for fixed assets owned by the Group or over the agreement duration if shorter. The corresponding financial debt, net of financial interests is recorded as a liability. Rental payments under operating leases are expensed as incurred.

### 1.3.6 Income tax

Income tax charge corresponds to the current underlying tax for each consolidated entity, adjusted for deferred taxes. The method used is that of the variable carryover on all timing differences.

Deferred tax assets are recognized only to the extent that it is likely that future taxable incomes will be sufficient to allow their utilisation.

Calculation of French deferred taxes is based on actual tax rate.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### DECEMBER 31 2012

► In thousands of euros ◀

#### 1.4. ASSESSMENT METHODS

In accordance with generally accepted accounting principles, in order to prepare financial statements, the Group management has to include amounts based on estimates. Group management has to make assumptions that affect assets and liabilities and information regarding contingent liabilities at the date of preparation of the financial statements and amounts recorded as income and charges.

Management constantly reviews its estimates and evaluations based on past experience and other assumptions that it seems reasonable and which constitutes the basis of its evaluations of net book value of assets and liabilities. Additional information is given in the notes to the financial statements when significant amounts are affected by estimates and assumptions or when it is very likely that the estimates will have to be reviewed.

The main methods used are the followings:

##### 1.4.1 Fixed assets

Tangible and intangible fixed assets are valued at historical cost less depreciation and potential impairment.

Depreciation over useful lives (as described below) is calculated on a straight line basis.

TYPE	USEFUL LIVES
Software .....	3 to 5 years
Industrial buildings .....	30 years
Fixtures and fittings .....	20 years
Technical installations .....	10 to 15 years
Machinery and equipment .....	6 to 10 years
Transport equipment .....	4 to 5 years
Computer equipment .....	3 to 5 years
Office furniture and equipment .....	5 to 15 years

When events or changes in the business environment or internal indicators indicate a potential impairment of tangible and intangible fixed assets, the related item is tested in order to determine if the net book value is below its recoverable amount. Recoverable amount is defined as the higher of fair value (less selling costs) and value in use. Value in use is calculated on the basis of the discounted cash flow method expected from the use of the asset and the proceeds from its sale; the discount rate used is 10%.

##### 1.4.2 Goodwill and indefinite life intangible assets

Goodwill and intangible assets with an indefinite lifespan are systematically tested for impairment at year-end and any time there is an indication that the asset may be impaired. Other fixed assets are also subject to an impairment test whenever there is an indication that the net book value may be below its recoverable amount.

Impairment tests consist in comparing the net book value of the asset and its recoverable value which represents the higher of fair value (minus selling costs) and value in use.

The recoverable amount is determined asset by asset unless the asset does not generate cash flow that is largely independent from other assets. In these cases, goodwill mainly, recoverable amount is determined at the CGU (Cash Generating Unit) level.

Value in use is calculated by adding discounted values of expected cash flows to arise from the use of the asset or a CGU. The projected cash flows used are consistent with the latest budgets and business forecasts as approved by the Group Management. The pre-tax discount rate used reflects current market assessments, the time value and the risks specific to the asset (or CGU).

When the recoverable value is less than the UGT net book value, the loss is recorded through the profit and loss statement and is firstly allocated to impairment of goodwill. A goodwill impairment loss cannot be reversed. An impairment loss recorded for another asset shall be reversed if there is an indication that the impairment loss recognized in previous years no longer exists or if there has been a change in the estimates used to determine the asset's recoverable amount. An asset net book value increased through the reversal of an impairment loss must not exceed the carrying amount that would have been determined net of depreciation if no impairment loss had been recorded.

##### 1.4.3. Development costs

In compliance with IAS 38, development costs are capitalized if the technical and commercial feasibility of the product is established.

However, considering the long certification period in legal metrology, the process of product commercialization may be significantly postponed. This increases the complexity of assessing future economic benefits as well as the cannibalization effect of the sales of the new and existing products.

When the long certification leads to uncertainties, the related development costs are recorded as charges by the Group.

#### 1.4.4 Financial instruments

##### Investments

Investments in non consolidated subsidiaries are recorded at fair value as investments available for sale.

Unlisted securities whose fair value cannot be estimated with sufficient reliability are valued at cost minus potential impairment. If there is objective evidence of impairment, the related charge has to be recorded through the profit and loss statement if this is a permanent loss.

##### Hedging instruments

In accordance with internal procedures, the Group does not hold any speculative currency hedging contract. However, considering the lack of documentation and the absence of fair value revalorization whenever these hedging instruments are used, these contracts are not eligible to hedge accounting and fair value adjustments are recorded as income or charges through the profit and loss statement.

#### 1.4.5 Inventories

Raw material inventories are valued using the weighted average cost method.

Gross value of merchandises and supplies includes the purchase price and the accessory costs.

Work in progress and finished products are capitalised at production costs, including:

- Raw materials and supplies consumption,
- Personnel expenses direct charges,
- Depreciation of production assets and
- Indirect production expenses.

Financial expenses are not capitalised in the inventories valuation.

Inventories are valued at the lower of their cost or net realizable value. Realizable value is the selling price in the ordinary course of business less estimated costs related to completion or sale, taking into account stock rotation, obsolescence and technical evolutions.

#### 1.4.6 Current debtors and creditors

Current debtors and creditors are recognized initially at fair value, which is usually the nominal value, unless any impact of discounting is significant.

A provision for depreciation is recorded when debt recovery is uncertain. This provision is established to cover the risk of total or partial non-recovery using data available at year-end.

Current debtors and creditors in foreign currency are converted at year-end exchange rate.

#### 1.4.7 Interest bearing liabilities

Interest bearing loans are initially recorded at fair value minus attributable recognition costs. After initial recognition, these are measured at the amortized cost; the difference between the cost and the redemption value is recorded over the duration of the loan as an income or a charge through the profit and loss statement, according to the effective interest rate method.

#### 1.4.8 Own shares

Own shares are recorded in deduction of Equity.

As at December 31 2012, the Company held its own shares for a total of 365 K€.

The Company implemented a liquidity agreement with CM-CIC financial institution in October 2010. In July 2012, the Company terminated this contract and concluded a new one with Arkeon Finance. This new contract is compliant with AMAFI code of Ethics approved by Autorité des Marchés Financiers. At year-end, the market value of the 888 securities held was 60 K€.

#### 1.4.9 Provisions

A provision is recorded on the balance sheet when the Group has a current legal or implicit obligation resulting from past events and when it is likely that an outflow of resources representing economic benefits will be required to settle the obligation. Where the effect of the time value of money is material, the amount of the provision is the present value of the expected outflow resources using a pre-tax discount rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

#### 1.4.10 Employee benefit

The Group has identified all applicable long term employee benefits plans. In France, provisions are made to cover the Group's commitments to employees in respect of length-of-service awards on retirement based on years of service and the calculation methods prescribed in the applicable collective bargaining agreements.. The evaluation of the discounted Group commitment was calculated using an actuarial calculation based on the projected credit units method.

#### 1.4.11 Sales realization

IAS 18 "Revenue" is based on a substance over form approach and considers that sales are realized at the time of transfer of the essential risks and opportunities.

Sales of equipment are recognized when goods are delivered as it has been verified that any remaining services to be provided are insignificant and not liable to endanger the customer's acceptance of goods supplied or services rendered.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### DECEMBER 31 2012

► In thousands of euros ◀

**Note 2** Notes related to consolidated balance sheet

#### 2.1 FIXED ASSETS

	BEGINNING OF THE YEAR	INCREASE	DECREASE	END OF THE YEAR
Goodwill.....	7,758	11	450	7,317
Other intangible assets .....	1,662	138	20	1,780
Tangible assets.....	25,439	3,040	1,579	26,901
Financial assets.....	459	574	21	1,012
Investments in associates .....	135	32		166
<b>TOTAL.....</b>	<b>35,453</b>	<b>3,795</b>	<b>2,070</b>	<b>37,176</b>

Main capital expenditures are related to production equipment (painting booth, ...), service equipment (calibration lorries) and ERP development costs (SAP).

The decrease in goodwill is related to the restructuring of PRECIA-WPL.

#### 2.2 DEPRECIATION

	BEGINNING OF THE YEAR	INCREASE	DECREASE	END OF THE YEAR
Other intangible assets .....	1,107	213	20	1,300
Tangible assets.....	18,531	2,027	1,424	19,135
<b>DEPRECIATION.....</b>	<b>19,638</b>	<b>2,240</b>	<b>1,444</b>	<b>20,435</b>

#### 2.3 INTANGIBLE FIXED ASSETS

	PURCHASING VALUE	DEPRECIATION	NET VALUE
Goodwill.....	11,634	4,317	7,317
Other intangible assets .....	1,780	1,300	480
<b>INTANGIBLE FIXED ASSETS.....</b>	<b>13,413</b>	<b>5,617</b>	<b>7,797</b>

#### 2.4 FINANCIAL INVESTMENTS

##### 2.4.1 Investments in associates

PRECIA MOLEN IRELAND located in Ashbourne : investment accounted by the equity method.

Group's share in the profits and reserves of this company:	166 K€
2012 sales.....	1,884 K€
Net profit .....	79 K€
Total shareholder's equity.....	318 K€ (outside net result of the current period)
Total balance sheet .....	1,060 K€

##### 2.4.2 Non consolidated subsidiaries

BACSA S.A.....	Held : 19% of capital	98
Miscellaneous investments .....		88

Fair value of these investments correspond to the purchasing value, except for BCSA depreciated for 47 K€ and other miscellaneous investments depreciated for 16 K€.

## 2.5 INVENTORIES

DETAIL	Dec 31 2012	Dec 31 2011
Supply and raw materials .....	3,177	3,317
Work In progress.....	5,368	5,813
Finished and semi finished products.....	431	422
Merchandise .....	3,302	3,805
<b>TOTAL INVENTORY .....</b>	<b>12,278</b>	<b>13,357</b>

## 2.6 SUNDRY DEBTORS

	TOTAL	LESS THAN ONE YEAR	MORE THAN ONE YEAR
Sales tax .....	725	725	-
Factor deposit .....	14	14	-
Prepaid expenses .....	595	595	-
Miscellaneous debtors .....	616	616	-
<b>TOTAL OF SUNDRY DEBTORS .....</b>	<b>1,950</b>	<b>1,950</b>	<b>-</b>

## 2.7 CASH AND CASH EQUIVALENTS

	Dec 31 2012	Dec 31 2011
OPCVM <sup>(1)</sup> - Collective investments .....	1,904	2,333
Bank Certificates (Certificats de dépôt) <sup>(2)</sup> .....	11,787	8,793
Investment securities .....	13,691	11,127
Cash .....	5,063	6,519
<b>TOTAL .....</b>	<b>18,754</b>	<b>17,646</b>

(1) Money Market Funds

(2) Bank Certificates are remunerated under market conditions with the opportunity of withdrawing at any time.

	NUMBER OF SHARES	MARKET VALUE
SG Trésorerie .....	3	624
SEQUIN SIE 3 DEC .....	91	947
CA AMUNDI Tréso 6 mois .....	13	333
<b>TOTAL OPCVM (securities) .....</b>		<b>1,904</b>

PRECIA SA has been using the services of a factoring company for financing its working capital since 1998 and up to 2012. There were no outstanding receivables transferred to the factoring company as at December 31 2012, as compared to 3,683 K€ as at December 31 2011. These debts are reclassified in debtors and deducted from the cash position.

## 2.8 DEFERRED TAXES

	Dec 31 2012	Dec 31 2011
Deferred taxes on temporary differences.....	896	873
Deferred taxes on consolidation adjustments.....	671	557
<b>DEFERRED TAX ASSETS .....</b>	<b>1,567</b>	<b>1,430</b>

	Dec 31 2012	Dec 31 2011
Deferred tax on depreciations .....	584	528
Deferred taxes on temporary differences.....	52	450
<b>DEFERRED TAX LIABILITIES.....</b>	<b>636</b>	<b>978</b>

## 2.9. EQUITY

Share capital amounts to €2,200,000 and is composed by 573,304 shares.

Own shares: 15,297 shares which represent 2.78% of the share capital. Market value is 365 K€.

Earnings per share are computed by dividing the net profit by the weighted average of the shares outstanding at the market value [i.e. 557,302]. Our own shares are not taken into account.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### DECEMBER 31 2012

► In thousands of euros ◀

#### 2.10. MINORITY INTERESTS

Minority interests are related to 25% of PRECIA MOLEN INDIA Capital, 40% of PRECIA MOLEN MAROC Capital, 10% of PRECIA MOLEN INDIA SCANDINAVIA Capital and 20 % of PRECIA MOLEN WPL BV shares being hold by third parties.

#### 2.11 FINANCIAL DEBTS

	TOTAL	LESS THAN 1 YEAR(*)	FROM 1 TO 5 YEARS	MORE THAN 5 YEARS
Credit Institution <sup>(1)</sup> .....	6,259	2,299	3,960	-
Financial lease agreements .....	1,200	461	739	-
Shareholders .....	271	146	125	-
S/Total Long term financial debts .....	7,731	2,906	4,825	-
Short term financial debts .....	252	252	-	-
<b>TOTAL .....</b>	<b>7,983</b>	<b>3,158</b>	<b>4,825</b>	<b>-</b>

(1) 54% loans are fixed rates. Floating rates loans were 93% swapped.

COMPARATIVE INFORMATION FINANCIAL YEAR 2011	TOTAL	LESS THAN 1 YEAR(*)	FROM 1 TO 5 YEARS	MORE THAN 5 YEARS
Total Financial debts .....	8,723	3,522	5,201	-

(\*) Part of the long term financial debts due in less than one year is classified under short term financial debt.

GUARANTEES	GUARANTEED AMOUNTS	CAPITAL OUTSTANDING
Pledging of a business .....	5,240	2,494
Pledge of the PMS shares (21,430) .....	500	133
Pledge on vehicles .....	148	51
<b>TOTAL .....</b>	<b>5,889</b>	<b>2,677</b>

#### 2.12 PROVISIONS

	BEGINNING OF THE YEAR	INCREASE	USED PROVISION	REVERSED (NO LONGER NEEDED)	END OF THE YEAR
Litigations .....	1,095	1,241	-	699	1,637
Customer risks .....	87	142	-	87	142
Pensions .....	59	-	-	3	56
Length-of-service awards on retirement <sup>(1)</sup> .....	583	286	127	-	741
Other employee benefits .....	111	-	-	-	111
Long term provisions .....	1,934	1,669	127	788	2,687
Comparative information financial Year 2011	BEGINNING OF THE YEAR	INCREASE	USED PROVISION	REVERSED (NO LONGER NEEDED)	END OF THE YEAR
Provisions long terme .....	2,127	456	200	449	1,934

(1) French employees receive retirement benefits based on seniority and other terms in accordance with the applicable collective bargaining agreements.

The evaluation of the Group commitment was calculated using an actuarial calculation based on projected credit units method. The following assumptions have been used: discount rate: 3.1%, revaluation rate: 2.5%, retirement age: 60/65 year old, social security contributions: 42%

Fair value of future costs covered by payments made to an insurance company deducted from the total commitment was 1,702 K€ (2011 – 1,648 K€).

Discount rate sensitivity testing was carried out: 0.5% increase of the rate would lead to 5.5% decrease of the total commitment of the Group (not taking into account fair value of insurance contracts).

Changes in provision for retirement benefits were recorded through the profit and loss in the "personnel expenses" caption.

In the ordinary course of its business, the Group is exposed to various litigations. Litigation provisions are assessed at year-end on a case by case basis and their amounts represent the best estimate of the financial risk of the Company, weighted by the occurrence probability.

In the case of legal proceedings with unfounded claims from the opposing sides; the Group considers that no provision has to be booked as the risk has not been proven.

No details regarding current disputes are disclosed as the Group would consider such information as prejudicial.

Decrease in litigation provisions ranges from social disputes on the one hand, and from customer recovery risks on the other hand. Both are fully re-assessed at year-end.

Future costs for retirement benefits are partly covered by specific insurance contracts whose fair value represented 1,702 K€ at December 31 2012. The remaining amount of the commitment after deduction of the cover contract was 741 K€.

No contingent liabilities have been incurred by the Group.



## 2.13 OTHER CURRENT LIABILITIES

	Dec 31 2012	Dec 31 2011
Tax & social security creditors .....	12,574	11,514
Advances and deposits from customers .....	2,671	2,560
Other creditors .....	2,399	3,349
Deferred income .....	1,967	1,386
<b>TOTAL OTHER CURRENT LIABILITIES .....</b>	<b>19,611</b>	<b>18,809</b>

## 2.14 OFF BALANCE SHEET COMMITMENTS

Commitments given: none  
Commitments received: none

In addition, the Group has received commitments from several banks under a framework agreement with export commercial contracts, essentially in favour of its customers regarding advance payment securities or guarantees of good execution. As at December 31 2012, these commitments represented 610 K€.

## 2.15 FINANCIAL RISK MANAGEMENT

The Group is exposed to credit risk, liquidity risk and market risk, but only to a limited extent. Therefore, the Group makes minimum use of derivative financial instruments aimed at mitigating its exposure.

As with any trading company, the Group faces risks of non-payment by debtors along with the more structural risk of customer concentration. The Company deals with major companies with a low risk of non payment. The most significant customer represents 3% of net sales (4% in 2011). The top ten customers accounts for approximately 9% of sales (10% in 2011). In addition, sales of equipment are covered by an ownership reserve clause. Historical losses on customer receivable have never been significant.

Liquidity risk corresponds to the Group ability to meet financial obligations at their term. The Group liquidity risk management consists (as far as possible) in making sure that it will have enough liquidity to meet the payment of financial liabilities when they come due, under normal or "tense" conditions, without incurring any unacceptable losses or damaging the Group's reputation. Market risk refers to the interest rate risk and the foreign exchange risk.

As for interest rates risks, the Group policy usually favours fixed rate loans (96% of the Group loans are fixed rates or swapped variable rates).

The Group has only a very limited exposure to foreign exchange risks and does not hold any currency hedging contract.

### Liquidity and Treasury risk

The risk of being unable to meet its financial commitments is low; this risk is being regularly monitored by the Banque de France which determines a risk rate of "probability of default in the next three years" of 0.6%. This rate represents 6.6% for the global Industry.

### Capital management

The Group policy is to maintain a solid capital base in order to keep the confidence of investors, debtors and the market, and to support future business development. The Management Board controls the return on equity ratio which is computed as follows: operating profit divided by total equity. The Management Board also controls the level of dividends paid to the shareholders.

## 2.16 FINANCIAL LEASE AGREEMENTS

Fixed assets held under financial leases which transfer all the risks and rewards of ownership are recognized and capitalized as fixed assets.

Impact on balance sheet as at December 31 2012:

Net fixes assets .....	1,108
Financial debts .....	1,200 (Including 461 K€ less than one year and 739 K€ more than 1 year and less than 5 years)
Deferred tax assets .....	31
Impact on reserves (outside profit or loss of the period) ..	(61)
Impact on the income statement:	
Profit before tax .....	18
Net result .....	(6)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### DECEMBER 31 2012

► In thousands of euros ◄

**Note 3** Notes related to consolidated income statement

#### 3.1 GEOGRAPHICAL BREAKDOWN OF ACTIVITIES

The Group has a mono-activity organization and is based on a geographical organization.

	Dec 31 2012		Dec 31 2011
<b>ALLOCATION OF FIXED ASSETS:</b>			
France .....	13,325	80 %	80 %
Out of France .....	3,352	20 %	20 %
<b>ALLOCATION OF DEPRECIATION:</b>			
France .....	1,731	79 %	80 %
Out of France .....	448	21 %	20 %
<b>ALLOCATION OF INVESTMENTS:</b>			
France .....	2,961	78 %	64 %
Out of France .....	834	22 %	36 %
<b>ALLOCATION OF NON CURRENT LIABILITIES:</b>			
France .....	7,688	94 %	98 %
Out of France .....	460	6 %	2 %
<b>ALLOCATION OF SALES:</b>			
France .....	65,778	71 %	66 %
Out of France .....	26,678	29 %	34 %
<b>ALLOCATION OF OPERATING PROFIT:</b>			
France .....	5,471	74 %	69 %
Out of France .....	1,929	26 %	31 %
<b>AVERAGE PERSONNEL NUMBERS:</b>			
France .....	553		548
Out of France .....	204		179
Total .....	757		726

#### 3.2 COST OF NET FINANCIAL DEBT

	Dec 31 2012	Dec 31 2011
Exchange rate gains .....	40	22
Provisions reversals .....	-	-
Investment securities incomes .....	244	136
Miscellaneous financial income .....	208	152
Cash income .....	492	310
Interests .....	219	218
Exchange rate losses .....	39	37
Provisions .....	-	-
Interests on financial leases .....	62	82
Miscellaneous financial costs .....	-	3
Cost of gross financial debt .....	321	341

► In thousands of euros ◀

### 3.3 INCOME TAX

#### 3.3.1 Income tax charge

Income tax .....	(2,667)
Change in deferred taxes <sup>(1)</sup> .....	469
Net (charge) .....	(2,198)

(1) Detail of deferred taxes is disclosed at Note 2.8

#### 3.3.2 Reconciliation between recorded income tax and theoretical income tax (tax proof)

Net result .....	4,597	
Profit Before Tax .....	6,795	
Recorded income tax .....	(2,198)	Apparent tax rate: 32.35 %
Theoretical income tax .....	2,340	
Difference .....	142	
Tax on non deductible charges .....	(82)	
Tax savings on non taxable profits .....	112	
Non previously capitalized deferred tax assets .....	400	
Non capitalized deferred tax assets .....	(27)	
Change in tax rate .....	(278)	
Miscellaneous .....	18	
Total .....	142	

### 3.4 TAX CONSOLIDATION (FRANCE)

PRECIA S.A. is the head company of the group taxation scheme with PRECIA MOLEN SERVICE SAS (Group Relief).

#### 3.5 AUDITOR'S FEE

Audit fees (€ Thousand)	KPMG	CRMD	SUBSIDIARIES AUDITORS
PRECIA S.A. ....	42	19	-
Subsidiaries .....	12	12	71
<b>TOTAL</b> .....	<b>54</b>	<b>31</b>	<b>71</b>

#### Note 4 Notes related to the consolidated statement of cash flows

The consolidated statement of cash flow is presented under the indirect method, showing net results of consolidated companies.

The components of the cash position are : cash and cash equivalents minus bank overdrafts and part due for less than one year of long term financial debts.

	Dec 31 2012	Dec 31 2011
Cash and cash equivalent .....	18,756	17,646
Short term financial debts .....	(3,158)	(3,522)
<b>NET CASH POSITION</b> .....	<b>15,598</b>	<b>14,124</b>



## OTHER INFORMATION

- 28 SUBMITTED RESOLUTIONS ORDINARY GENERAL MEETING
- 30 FUNCTIONAL ORGANIZATION CHART OF THE PRECIA MOLEN GROUP
- 31 SHARE PRICE

## SUBMITTED RESOLUTIONS

### ORDINARY GENERAL MEETING

#### FIRST RESOLUTION

The shareholders in Ordinary Meeting, having considered the report of the Management Board (Directoire), the report of the Supervisory Board (Conseil de Surveillance), the report of the Chairman of the Supervisory Board (as indicated in the Article L.225-68 of the French Commercial Code) and the report of the Statutory Auditors on the Financial Statements as presented, the General Meeting approves the parent company Financial Statements (balance sheet, statement of income and notes) for 2012 as presented as well as all the transactions recorded therein and summarized in these reports. The General Meeting, in application of Article 223 quarter of the French general Tax code also approves the costs and expenses referred to in Article 39-4 which reach a total amount of 48.838 Euros.

Thus the General Meeting gives the members of the Management Board final discharge in the execution of their mandate for said period.

#### SECOND RESOLUTION

The shareholders in Ordinary Meeting, having considered the report of the Management Board (Directoire) and the report of the Statutory Auditors on the consolidated Financial Statements as presented, the General Meeting approves the consolidated Financial Statements for 2012 as presented as well as the transaction recorded therein and summarized in these reports.

#### THIRD RESOLUTION

The General Meeting approves the proposal of the Management Board to allocate the net income of TWO MILLION TWO HUNDRED AND FORTY FIVE THOUSAND NINE HUNDRED AND NINETY NINE Euros and NINETY NINE cents (2,245,999,99 Euros) as follows:

• Dividends .....	€ 892,067.20
	1,60 Euros per share
• Balance .....	€ 1,353,932.79
	Carry Forward retained earnings

This allocation will be adjusted on the basis of the number of its own shares held by the Company at the date of the payment of the dividend. These shares will not receive dividends and the related amounts will be transferred in reserves.

Shareholders are informed that, in application of Article 117 quarter of the French general Tax code, individuals who are tax residents of France and who receive distributed income eligible to the 40% deduction provided for in article 158-3 of the French general Tax code are subject to a mandatory 21% withholding taxation, except if an exemption has been requested in due time and form for eligible individuals. This amount represents an advance payment to be used against income tax to be paid, and will be returned if it exceeds the total amount of that tax for the related year.

Shareholders are also informed that, in application of Article 136-7 quarter of the French social security code, dividends paid to individuals who are French tax residents are subject to a withholding social security tax.

The dividend (free of withholding tax) paying date will be scheduled by decision of the Management Board.

According to the law, the General Meeting notes that dividends paid over the last three years and related tax exemption were as follows:

YEAR ENDED	DISTRIBUTION		TAX EXEMPTION FOR ELIGIBLE
	GLOBAL	PER SHARE	SHAREHOLDERS
Dec 31 2009	503,458.20 €	0.90 €	0.36 €
Dec 31 2010	782,405.40 €	1.40 €	0.56 €
Dec 31 2011	1,058,803.50 €	1.90 €	0.76 €

#### FOURTH RESOLUTION

The General Meeting, having considered the special report of the Statutory Auditors on the agreements covered by Article L 225-86 of the French Commercial Code, successively approves the agreements mentioned therein and the conclusions of the report. The General Meeting formally records that the previous agreements being reached and authorized should remain in force.

#### FIFTH RESOLUTION

The shareholders in Ordinary Meeting, on recommendation of the Management Board (Directoire), in accordance with articles L.225-209 and of the French Commercial Code as amended by the orders 2004-604 of June 24 2004 and 2009.105 of January 30 2009 – article 1 and by the law 2005-842 of July 26 2005, and in accordance with the new provisions of European Regulation no 2273/2003 of December 22 2003 applicable as of October 13 2004, allows the Management Board to acquire company shares for a maximum amount of 5 million Euros and within the limit of 10% of the share capital, or FIFTY SEVEN THOUSAND AND THREE HUNDRED (57.300) shares under the following conditions: Maximum purchase price per share: ONE HUNDRED AND TWENTY (120) Euros.

These shares may be acquired, on one or more occasions, by any means and at any time, if applicable during take-over periods, in accordance with the existing regulations, in view and established according to decreasing value:

- from a market-making agreement by an investment services provider, subject to the setting up of a liquidity contract consistent with the charter of ethics of the AMAFI, approved by the Autorité des Marchés Financiers;
- of their preservation or transfer, by any means, such as exchange or sale of shares.

This program is subject to the an initial issuance of the program description in accordance with the regulations of the French Autorité des Marchés Financiers (AMF)

Shares purchased to improve the liquidity in compliance with the regulations of the French Autorité des Marchés Financiers, the number of shares taken in the calculation of the foretold 10% limit corresponds to the number of actions bought, minus the number of actions sold during the term of the authorization period.

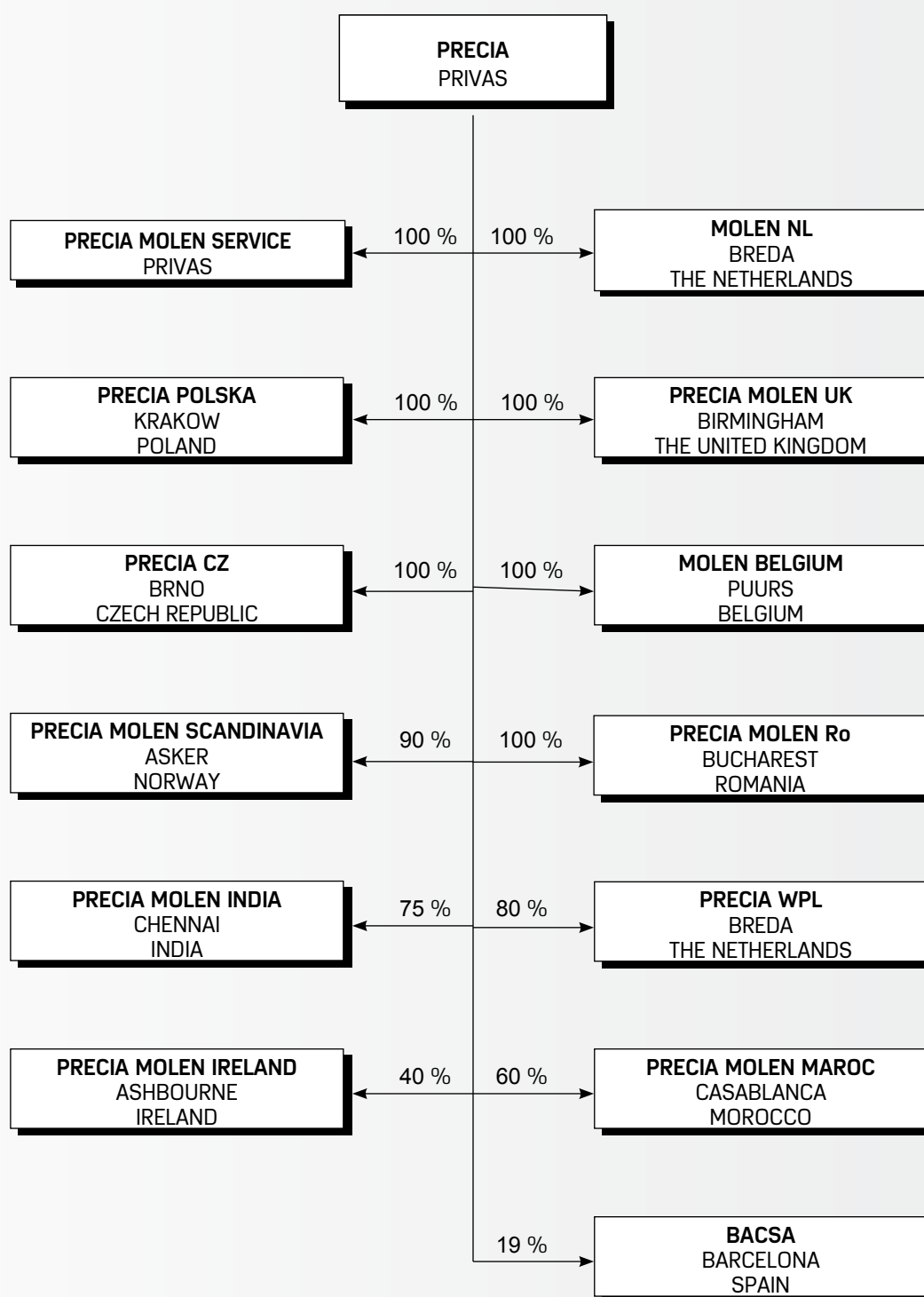
This authorization is granted for a period of eighteen months (18) starting from this day. It shall cancel and replace the Authorization given by the Annual General Meeting of June 14 2012 in its fifth resolution.

#### SIXTH RESOLUTION

The shareholders in ordinary meeting, having considered the report of the Management Board (Directoire) and having noted that the term as a member of the Company Supervisory Board of the Company "FIDUCIAIRE DE CONSEIL ET DE GESTION DE PATRIMOINE", represented by Mr Georges FARVACQUE expires on this date, hereby renew his terms for a six- year- period that will expiring at the end of the Annual General Meeting to be held within 2019 called to approve the 2018 Financial Statements.

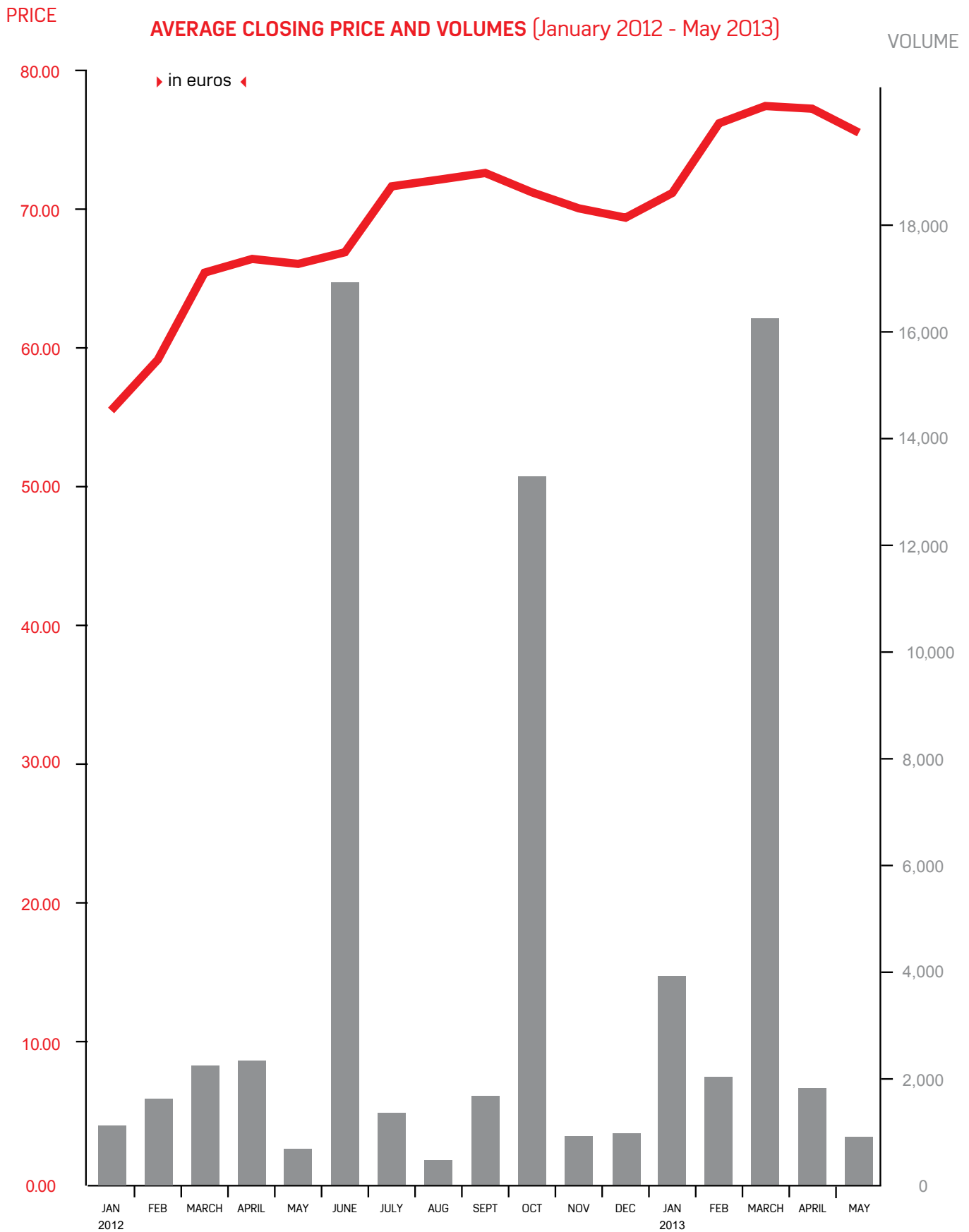
## FUNCTIONAL ORGANIZATION CHART OF THE PRECIA MOLEN GROUP

► Dec 31 2012 ◀





# SHARE PRICE



Higher	57.00	59.97	69.60	70.00	68.00	67.00	72.00	72.01	76.00	72.80	72.50	70.00	77.20	78.00	79.50	79.48	77.60
Lower	53.90	56.00	60.00	63.99	65.00	65.00	66.96	71.00	70.01	70.20	69.25	68.00	68.76	72.01	75.99	75.90	74.50
Average price (closing)	54.70	58.07	65.04	67.22	66.03	66.96	70.50	71.16	72.42	71.66	70.26	69.09	70.96	76.45	78.12	77.30	75.98
Volume	1,114	1,614	2,232	2,321	669	16,905	1,344	454	1,665	13,274	911	959	3,905	2,018	16,233	1,807	893

OTHER INFORMATION







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**WORLDWIDE WEIGHING**

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